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LIBRARY OF CONGRESS 0 021 174 205 7	510	65	HD1516.B8M3-HD1740.C6
LIBRARY OF CONGRESS 0 021 174 206 9	511A	107	HD1375-HD1775.V5A1 no. 107
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PRICE EMERGENCY DECLARATION AS AID TO SMALL ENTERPRISES

#1

Example in Agricultural Insecticide and Fungicide Industry

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Emergency Character and Importance of Products.

The two main products, lead arsenate and calcium arsenate, are of vital importance in the production of the following crops: cotton, citrus fruit, potatoes, wheat, apples, pears, cabbages and cauliflower. These products have peak seasons, in which practically all the sales are made.

Special Features of Destructive Price Cutting.

These products are highly standardized and are competitive chiefly on a price basis. The facility with which these products can be produced, together with the fact that price is the chief competitive factor, resulted in vicious price cutting particularly by the two large members of this Industry. As a special factor making for destructive price wars, the farmer does not pay for his purchases until after payment for the crop on which the products are used. This resulted in a practice of paying the price not existing at the time of the order but that which was lowest during the entire shipping season. The fact that the Industry was using only 50% of its productive capacity constituted another intensifying factor in the price war.

Practice of Large Companies and the Emergency Demanding Action.

The two larger companies in the Industry, to each of which the manufacture of these products was incidental, progressively lowered prices until lead arsenate was quoted at seven cents per pound and calcium arsenate at five cents a pound. These price levels were below the cost of production of most of the manufacturers. On May 14, 1934, a petition and application was made for the declaration of emergency in accordance with Article IV, Section 7, Sub-section g of the Industry's Code to have NRA determine the lowest reasonable cost of production and fix minimum prices for these products.

Facts were presented which showed that the price cutting by the larger companies had created panic in the Industry, that producers and distributors were being driven out of the business, and that the threat of monopoly by the larger companies existed.

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#2

MANDATORY CONTRIBUTIONS TO CODE AUTHORITIES

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AUTHORITY

Executive Order No. 6678 dated April 14, 1934 approved the inclusion of a provision in a code authorizing a Code Authority to secure equitable contribution, by all members of the industry and, if necessary, to institute legal proceedings therefor in its own name.

The Order provides that only members of the industry complying with the code and contributing to the expenses of its administration shall be entitled to make use of any emblem or insignia of the National Recovery Administration. (Exhibit A)

Administrative Order No. X-36. Administrative procedure designed to carry out the intent of Executive Order No. 6678 was first approved April 14, 1934. This procedure was revised by Administrative Order No. X-36, dated May 26, 1934, which is still in effect.

The last mentioned order provides that a Code Authority may not demand a contribution from an industry member until

(1) The code contains a provision whereunder non-payment of equitable contribution is in violation of the code, or whereunder a legal obligation to pay the same has been created; and

(2) NRA has approved an itemized budget of such expenses and an equitable basis of contribution thereto.

It also provides that, before the Code Authority may institute civil suit or before NRA may remove the Blue Eagle, the Code Authority must have met the requirements stated in paragraphs (1) and (2) above and further must have

(1) Given notice of contribution in substantially the form approved by NRA, which among other things, inform the industry member of his right to protest payment on stated grounds.

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#13

ALIGNMENT OF INDUSTRIES AND TRADES FOR INDUSTRIAL SELF GOVERNMENT

By George S. Brady
Assistant Administrative Officer
National Recovery Administration

On this matter of industrial classification, let us go back and consider what happened when industries first began to align themselves under codes. Previously, there had been trade associations for the various industries, but they were entirely voluntary arrangements, and unless a company had a considerable stake in an industry, usually to the extent of a major part of its business, it did not ordinarily join an association. The definitions of the industries under trade associations were inclined to be vague, and were decidedly all-inclusive so as to reach out to take in anyone who desired to join. There was no trouble from this because it was only voluntary and because no company was forced by law to comply if it did not desire to go along with the others.

Now, when these associations came to Washington to take

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DIVISION OF RESEARCH AND PLANNING

March 8, 1935 #4

Summary of Code Provisions Affecting Prices

I. Codes requiring cost accounting systems to effectuate no-sales-below-cost provisions:				356*
A. Total cost accounting systems provided for			466	
1. Systems approved by NRA		35 (35 codes)		
2. Systems not in effect and requiring approval of NRA		373 (294 codes)		
a. Systems submitted for approval	129			
b. Systems not submitted for approval	244			
3. Systems authorized in codes and not requiring specific NRA approval		58 (27 codes)		
II. Codes with open price provisions				422#
A. No waiting period required			148	
B. Provision made for waiting period			274	
1. Waiting period in effect		92		
2. Waiting period stayed		182		
III. Distribution codes prohibiting sales below some specified minimum				38&
A. Minimum established on the basis of:				
1. Invoice cost plus transportation			30	
2. Net purchase price			2	
3. Wholesaler's list price			1	
4. Manufacturer's list price			5	
B. Mark-up above specified minimum based upon:				
1. Labor or labor and administrative cost			15	
2. Specified cost determination basis			12	
3. No mark-up provided			11	
IV. Codes providing for minimum prices, other than those prohibiting sales below cost or providing for establishment of minimum price in an emergency				10x
A. Prices now in effect			6	
B. Prices not in effect			4	

* Based upon 712 codes and supplements
\# Based upon 709 codes and supplements
& Based upon 677 codes and supplements (75 distribution codes)
x Based upon 677 codes and supplements

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IRON AND STEEL INDUSTRY

EXAMPLES OF BENEFITS UNDER THE CODE

Wage rate increases and reduction in work hours, exclusive of all other factors, are credited with increasing employes' earnings by $150,000,000 during the first 17 months of the code, September 1933 to January 1935, inclusive.

The average hourly wage rate rose from the level of 48 cents in pre-code 1933, to 55 cents in August 1933, and then up to 65.5 cents in January, 1935. In terms of 1929 purchasing power this hourly average equals 81 cents per hour. Note that 1929 average was 65 cents.

Total monthly wages rose from $24,441,000 in June, 1933 to $35,879,000 in January 1935. This increase was 46.8 per cent (including salaries the increase was only 45.1 per cent.) Average weekly earnings rose from $18.64 in June 1933 to $22 in January 1935, despite a 14.7 per cent decrease in hours and a 20.1 increase in employment. The January employment was 368,095, compared to 305,239 in June 1933.

The industry as a whole is still operating at a deficit, though this is much reduced. Net incomes have been earned by several of the small and medium sized companies.

Secret price concessions have been eliminated, stabilizing the competitive condition among users of steel. Prices have risen from the depression lows, but not to the 1929 level.

Of the smaller firms in the industry, 39 have recorded with NRA definite benefits received under the code. Only 6 have contended the code was detrimental to them in any respect.

Data from Deputy Administrator

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COTTON TEXTILE INDUSTRY

EXAMPLES OF BENEFITS UNDER THE CODE

The Code for the Cotton Textile Industry increased average hourly rates 65% above the level for the year ending July 1933.

These code average rates were 15% above the 1929 prosperity year average.

Employment, which had broken in 1930 and declined to a low of 238,400 in 1932, held steady from July 1933 to June 1934 at around 425,000, equal of 1929 average. The fall strike of last year temporarily broke this figure but since October an employment level of 410,000 has prevailed.

Monthly payrolls, which had dropped to $2,108,000 in 1932 have averaged between $5,400,000 and $5,300,000 under the code except for the strike period.

Apart from employment gains, special benefit has derived to labor under this code through elimination of the third or "graveyard" shift, protecting employes from having to work through the night.

The limitation of machine hours protected the operation of many mills upon which many small communities are wholly dependent.

Figures from Research and Planning.

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RETAIL TRADE

EXAMPLES OF BENEFITS UNDER THE CODES

Employment under the Retail Code has shown marked improvement since the March 1933 low of 585,000. Despite seasonal fluctuations, the average for 1934 rose to 768,000, only 60,000 less than the 1929 average.

December, 1934, figures show 1,054,000, only 36,000 below the 1929 peak of 1,090,000. Christmas business was the best since 1930.

The average weekly wage increased from the 1933 level of 14.77 to 15.50 in 1934.

A material reduction in predatory price cutting is ascribed to the Code's loss limitation provisions.

National Better Business Bureau reports trade advertising is definitely more ethical. This benefits consumers, and is primarily attributable to the honesty in advertising provisions of the code.

The total failures per month reached a low of 300 in 1934 as compared with 701 in 1926, 729 in 1929 and 1,148 in 1932.

Figures from Research and Planning.
Other data from Trade sources.

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BITUMINOUS COAL INDUSTRY

EXAMPLES OF BENEFITS UNDER THE CODE

The code has brought this industry from the stage of bankruptcy in the Spring of 1933 to the stage of profit in the Spring of 1935.

The average price of coal realized by the mine operator has increased under the code's price control from the low of $1.15 a ton for the first nine months of 1933 to $1.85 during the latter part of 1934.

No monopoly has resulted. On the contrary large numbers of small mines which could not be operated before the code have returned to production.

Weekly hours of work have been twice reduced, and rates of pay have been stepped up so materially that the labor cost of the industry is estimated to have increased $125,000,000 a year since May, 1933. To the reduction in work hours is attributable an increase of 30,000 in the number of wage earners.

Data from Division Administrator and
Research & Planning.

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WAGE RESTITUTIONS RESULTING FROM ADJUSTMENT

OF LABOR VIOLATIONS

Not less than $4,500,000 -- and possibly more -- has been collected and distributed to wage earners under the codes in restitution of amounts due them from employers who paid less than the code requirements.

If the violation consisted of paying less than code minimum wages, employers were required to give their workers the difference between the amount originally paid them and the amount they should have received.

If the violations consisted of working more than the maximum hours allowed by the code, restitution consisted of pay for the excess hours at overtime rates -- generally one and a half times the normal rate.

The Compliance Division has maintained records of the amount of back pay thus restored since June 16, 1934. From that date up to February 16, 1935 a total of $2,245,380.81 was collected in 21,638 cases. The money went to 90,040 employees. Prior to June, 1934 only estimates are available, and it is calculated that approximately $1,000,000 was returned to workers through the efforts of State NRA Compliance Directors.

In addition to these two sums considerable restitutions were secured by Code Authorities. No totals are available. A small number of code authorities reporting on this point (mostly in the second half of 1934) have checked in a total of $856,846.90, and it is estimated that considerably more than 100,000 employees secured restitution through code authorities.

To these three sums must be added payment of at least $109,260.91 secured for employees whose establishments were operating under the President's Reemployment Agreement.

Source: Legal Division NRA

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March 13, 1935

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Japanese Cotton Imports in January
Difference between Journal of Commerce and
Department of Commerce estimates

The Department of Commerce cotton goods imports statistician inclines to the belief that the Journal of Commerce is right.

There are two possible explanations of the difference between the Journal of Commerce and the Department of Commerce figures.

(1) The Journal figures are based on import manifests (taken from the ships) and the Department of Commerce figures are for goods that have cleared the customs offices. Hence there may be some delay in the Department figures.

(2) The Journal figures are total imports and the Department figures are "imports for consumption," i.e., they do not include imports that are put in bonded warehouses but do include imports for immediate consumption plus withdrawals from warehouses in the given month.

The following figures summarize the data for January, 1935:

Journal of Commerce (March 6, 1935)

Number of bales and cases	3,928
Assuming 2,400 square yards to the bale or case	9,424,200
Assuming 2,000 square yards to the bale or case	7,856,000

Department of Commerce (square yards)

"Imports for consumption"	3,341,000
Entered in warehouses	1,981,000
Total	5,322,000

According to the Department of Commerce the November shipments from Japan (which would be reported here in January) averaged about 2,200 yards to the bale. The Journal of Commerce provides two estimates, as above, using 2,400 pounds to the bale, and 2,000.

Data by Research and Planning Division N.R.A.

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#11

EXAMPLES OF BENEFITS UNDER CODES

PAPER AND PULP INDUSTRIES

The average weekly number of employees under the code rose above the 1929 level in December, 1934. This figure, which in 1929 was approximately 128,100, had dropped to 94,500 in January, 1933. It swung sharply upward until, in December, 1934, a total of 128,300 workers exceeded the 1929 average.

The average hours worked per week declined from 52.1 in 1929 to 46.8 in June and July in 1933, and then, under the code, down further to the 1934 average of 36.4.

The average hourly wage in December, 1934, was higher than the 1929 level, being 52.7 cents instead of 52.3, and considerably higher in terms of real purchasing power. The average weekly wage has increased from its January, 1933, low of $16.60 to $19.50 in the third quarter of 1934. Average weekly payrolls have risen from $1,554,000 in January, 1933, to $2,489,000 in January, 1935.

Data from Research and Planning.

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N. R. A. AND ITS EFFECT ON SMALL ENTERPRISES

Excerpts from or Substance of Letters
Received March 11, 12 and 13, 1935,
Approving N. R. A. and Urging
its Continuance.

1. Mr. A. J. Huebel, 105 West Milwaukee St., Janesville, Wisconsin, states:

   "Frequently I have read about the NRA accomplishments. Its critics seem to emphasize the fact that it has many flaws, that it has been and is unjurious to small firms and individuals. The NRA is not perfect. I claim, however, it is a lifesaver in a business way for the small man or firm like myself. I can relate many facts to substantiate this statement."

2. Edwards and Troth Co. jobbers, Philadelphia, Pa., praises Richberg's stand. Small business has not been hampered by the codes in favor of large business, this true at least in the jobbing of men's handkerchiefs.

3. Booksellers - E. S. Leggett, Executive Assistant, N.R.C., refers a letter from Dutton's Inc., New York City, stating that the repeal of this Code would cause irreparable damage. The Code is the most outstanding aid the book trade has ever received.

4. J. Kanes, Philadelphia, Pa., a druggist, urges that the codes be continued. They have been a benefit to the small retail druggist.

5. Naegele Printing Co, Helena, Montana, claims code has benefitted the little fellow. The writer suggests that the Senators objecting to N.R.A. should offer something better.

6. W. M. Brins, Philadelphia, Pa. under Retail Booksellers Code protests any move to abolish the codes. Their code has enabled the small retailers to stay in business.

7. The Management of the Cinderella Hat Company of New York City states that the newspapers have circulated information that is very disturbing to them and to other members of the trade. The administration of their code, which governs the Wholesale Millinery Trade, has helped their business to a considerable extent. For the first time in its history, the whole Millinery trade has become a united body. They believe that as a result of the Code Authority a great deal of good-will and cooperation has been established between the various

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NRA ASSISTANCE TO SMALL ENTERPRISES

EXAMPLE OF BOOKSELLER TRADE

#13

Loss-leader practice by large department stores before Code

A report dated, Feb. 5, 1935, by F. W. Lipps, Assistant Deputy Administrator, Retail Distributing Trade Section, shows that prior to the adoption of the Code for the Booksellers Trade the well-known practice by large department stores cutting the price of their books and making books a loss-leader item was resulting in the elimination of small book store businesses.

Small Book Stores Aided By Trade Practice Provisions

Section 3, Trade Practices, of Booksellers Code, contains provisions designed to eliminate this competitive practice and to have the effect of maintaining resale prices on new books through one Christmas season.

Independent book dealers have almost unanimously said that the Code has had the effect of saving their economic existence.

Sale of books increased

These loss-limitation provisions have not had the effect of diminishing the sale of books, but to the contrary the sale of books has substantially increased, even in the large department stores which formerly sold books as a loss-leader item. Only 16 out of the 59 department stores in the New York metropolitan area reported that the sales of their book departments decreased. All of these sixteen stores were notorious price-cutters and sold practically their entire output of books as loss-leaders. The total distribution of books increased, both in New York City and nationally.

National Association of Booksellers endorse code

A telegram from the National Association of Book Publishers states that its members almost unanimously favored the continuation of the Code. The reports from the independent and small book dealers are to similar effect.

Data by Research and Planning Division, NRA

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#14

Example of benefits received under the Knitted Outerwear Code.

This particular Industry is conspicuous for its number of small enterprises. An exhaustive study, made by the Code Authority, based upon capitalizations in the Fall of 1933, discloses that 81.3% of the number of units in the Industry were rated at $50,000 or less and a majority of nearly 60% consisted of mills, rated at $20,000 and less.

In the Fall of 1933, there were only 748 mills in operation. Since that time, the number has expanded until, at the present time, it stands at 1,072. The mills opening for operation during this interval are composed entirely of some of the smallest enterprises in the very lowest rating classifications.

A report made to the Code Authority, dated June 26, 1934, regarding the condition of a branch of the Contract Division of the Knitted Outerwear Industry, disclosed that 66 knitted outerwear contractors, comprising the smallest manufacturers in the Industry were in a chaotic financial condition. These cases covered approximately three-quarters of the number of mills in this branch of the Industry. According to the National Code Authority, they were to be regarded as representing a typical cross-section of this Division of the Industry.

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CODE AUTHORITIES

Statement

of

PURPOSE AND SUPERVISION

Introductory Statement

The purpose of this statement is to give a broad picture of the need for and the purpose of Code Authorities, with special reference to the type of machinery and control established to supervise their creation and operation. This sort of outline of the kind of mechanism established should better enable an evaluation of (a) benefits which may be realized through such an agency, (b) the progressive steps which, in the light of experience, have been or may be taken to improve its operation, and (c) the complaints which have been and are from time to time being made.

Attention is directed to the fact that certain of the functions of the Code Authority are of such unquestionable benefit as to be outside the field of controversy. For example, a truly representative Code Authority serves as a highly desirable channel of communication from government to industry, and also as a source of practical suggestions and

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EXAMPLES OF BENEFITS UNDER NRA

RETAIL GROCERS TRADE

Excerpts from letter to Senator Sheppard showing unanimous endorsement, effect on small enterprises and elimination of chaotic trade practices

"EL PASO RETAIL GROCERS" ASSOCIATION
CHAMBER OF COMMERCE BUILDING
EL PASO, TEXAS

March 6, 1935

Hon. Morris Sheppard
United States Senate
Washington, D. C.

Dear Mr. Sheppard:

There is not the slightest doubt in our minds - nor in the minds of our employees - that the NIRA has had a most stabilizing effect on business and that its provisions in general, as well as the labor and fair practice provisions of the Code of Fair Competition for the Food and Grocery Distributors, both wholesale and retail, have improved vastly the conditions both of our small merchants and of the employees in our trade.

Nevertheless, we learn daily through the news dispatches from the Nation's Capitol that this part of the Recovery Program is under constant attack and that the extension of the NIRA is seriously endangered. It may be true, that the program in certain industries has not worked out as expected, undoubtedly due to defects in individual codes. It may also be true that such defects may have caused antagonism, both within such industries and from their consumers. However, it should be possible to remedy any such defects without jeopardizing the whole structure and returning us to the chaotic conditions that existed before June 1933.

Every one of the more than 400 owners of retail grocery stores in El Paso may definitely be classed as a "small" merchant. Claims have often been made in the Press and elsewhere that the Codes tend to oppress the small merchant. We do not pretend to speak for other trades, - though we are entitled to our own and very definite opinion on the matter - but we can and do speak for our own people and we may assure you most emphatically that, to the last man we are lined up behind the NIRA and our Code of Fair Competition, and in this stand we are backed by every one of the employees working in our stores.

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SURVEY CONDUCTED BY NEW ENGLAND COUNCIL ON THE NATIONAL RECOVERY ADMINISTRATION IN NEW ENGLAND

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General Results of Survey

During June 1934*, the New England Council conducted a survey among 859 New England industrialists for the purpose of ascertaining the effect of NRA codes upon their businesses and what their opinion was as to the necessity or desirability of continuing such codes in a permanent or temporary form.

These 859 New England manufacturers were operating under 140 different codes. They employed more than 250,000 workers or 25% of the 1,098,514 workers employed in manufacturing in New England in 1929.

At the Thirty-Fifth Quarterly Meeting of the Council held on Saturday, June 30, 1934, Mr. Carter, Chairman of the Industrial Committee of the New England Council, summarized the results of this survey as follows:

> "1. That 80% of the New England manufacturers regard some form of the business code permanently desirable or essential.
>
> "2. That they are willing to cooperate in, and to work for, the necessary modifications to make them more fully affective.
>
> "3. That administrative difficulties, also complaints and criticisms, are practically in direct proportion to the intricacies or complexities of the specific code; or in other words, the simpler the code, the more effective it is."

Mr. Carter pointed out that the reports were fully representative of New England business because:

> 1. All of New England's major lines of manufacturing, as well as lesser ones, were represented in the forty odd classes of products covered by the survey.
>
> 2. Twenty per cent of the replies covered large plants, 40% medium sized plants, and 40% the small plants. The average number employed per plant for the large ones was 1,212; by the medium ones, 349; and by the smaller ones, 58.

*It is reported that another survey is now being conducted.

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EFFECT OF THE IRON AND STEEL CODE

ON

SMALL ENTERPRISES

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#18

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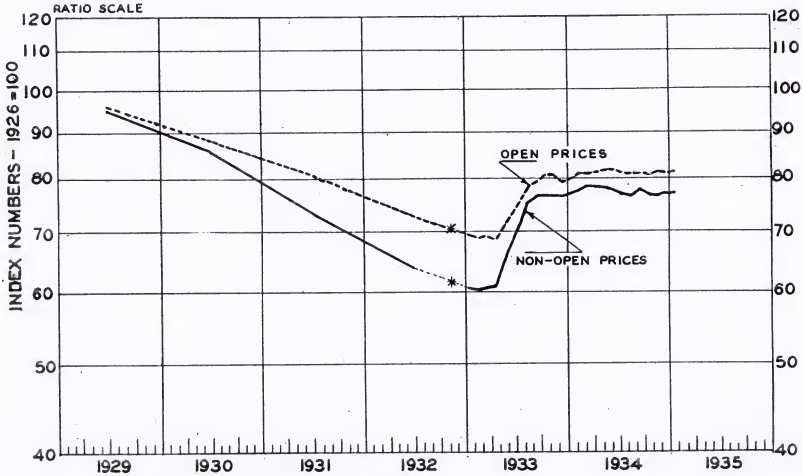
TREND OF WHOLESALE PRICES, 1929-1935

OPEN PRICE VS. NON-OPEN PRICE INDUSTRIES



ANNUAL AVERAGES 1929-1932
* MONTHLY AVERAGES 1933-1935
COMPILED BY NRA FROM PRICE SERIES
FURNISHED BY THE BUREAU OF LABOR STATISTICS

STATISTICS SECTION
RESEARCH AND PLANNING

#19

Recovery Administration

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Approved Code No. 38

#20

BOILER MANUFACTURING INDUSTRY

38-1	Executive	10-4-33	Approving Code
38-2	Admin.	12-11-33	Appointing Neal W. Foster as advisory member, without vote, of Planning and Fair Practice Agency.
38-3	Admin.	2-1-34	Recognizing 10 members of Planning and Fair Practice Agency - A.B.M.A. Committee of Industrial Recovery of American Boiler Manufacturers Association
38-4	Admin.	2-13-34	Accepting resignation of Neal W. Foster as administration member of Planning and Fair Practice Agency
38-5	Admin.	2-13-34	Appointing James W. Hook member, without vote, of Planning and Fair Practice Agency
38-6	Admin.	4-6-34	Approving decision of American Boiler Mfrs. Ass'ns. Committee of Industrial Recovery to work effective principles of standard accounting and cost system adopted by Machinery Builders Ass'n.
38-7	Admin.	4-17-34	Approving Amendment No. 1
38-7A	Admin. (Div.)	6-7-34	Approving By-Laws of Code Authority, with exceptions.
38-8	Admin. (Div.)	7-25-34	Granting exception to H.R.T. and Refractory Lined Fire Box Boiler Branch of Industry from provisions of Art. VIII, Sec. 1, of Amendment No. 1
38-9	Admin. (Dep.)	8-6-34	Notice of Opportunity to be Heard (Modification Proposal)
38-10	Admin.	8-28-34	Approving Amendment No. 2
38-11	Admin.	9-27-34	Granting stay of provisions of Sec. 1 Art. VIII of Amendment No. 1
38-12	Admin.	9-27-34	Notice of Opportunity to be Heard (Request for Stay, by Wickes Boiler Co., Saginaw, Mich.)
38-13	Admin. Officer	10-17-34	Staying Sec. 1, Art. VIII of Amendment No. 1, until November 12, 1934.
38-14	Admin.	11-8-34	Acknowledging and recognizing 10 members of Code Authority

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#21

TRUCKING INDUSTRY

278-27	Admin.	6-22-34	Appointing Col. Frank W. Phipps Member, without vote, of State Code Authority for New York.
278-28	Admin.	6-23-34	Approving method of selection of two additional members and 1 substitute member for Colorado and 1 substitute member for Missouri Temporary State Code Authorities
278-29	Admin.	6-23-34	Appointing Walter J. Riley member, without vote of State Code Authority for Illinois
278-30	Admin.	6-30-34	Granting stay of provisions of Art. II, Sec. 1, Subsec. (a) of Code for Household Goods Storage and Moving Trade, and Art. II Sec. A, Subsec. 1 of Code for the Trucking Industry, and ordering that hearing for classification of certain vehicles be held not later than 7-17-34 (Also 399-5)
278-31	Admin.	7-2-34	Approving method of selection of 4 members of Temporary State Code Authority for the District of Columbia
278-32	Admin.	7-6-34	Appointing Theodore B. Plimpton member, without vote, of State Code Authority of Mass.
278-33	Admin.	7-7-34	Extending certain time provisions for members of industry in State areas of New Mexico and the District of Columbia
278-34	Admin. (Dep.)	7-14-34	Notice of Opportunity to be Heard (Application for Addition to Budget
278-35	Admin. (Dep.)	7-16-34	Notice of Opportunity to be Heard (Application for Termination of Exemption)
278-36	Admin.	7-18-34	Ruling that Robert M. Anthony Co., Stamford, Conn., is subject to Codes for Trucking Industry and the Construction Industry (Also 244-23)
278-37	Admin.	7-27-34	Extending time for election of Permanent State Code Authority for California until August 23, 1934
278-38	Admin.	7-27-34	Extending time for election of permanent members of State Code Authority of New Hampshire until August 3, 1934
278-39	Admin.	7-28-34	Granting permission to members of Industry to vote if registered between 6-30-34 and 7-13-34

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#22

LIST OF SERVICE TRADES

1. Codes administratively completely suspended:

	1929 Employment
Barber Shops	200,000
Laundries	233,000

2. Codes for which the trade practices have been suspended but for which the wage and hours provisions, 7-A and 10-B still hold:

Cleaning & Dyeing	110,000
Hotels and Restaurants	900,000
Motor Vehicle Storage & Parking	130,000
Advertising Display Installation	2,000
Advertising Distributing	100,000
Bowling and Billiard	160,000
Shoe Rebuilding	40,000

3. All other approved service codes:

Car Advertising	1,100(1933)
Funeral Service	25,500
Outdoor Advertising	15,500
Real Estate Brokerage	70,000(1933)

4. Service codes pending but not approved:

Commercial Signs	?
Beauty Shop	168,000
Tourist Lodge and Motor Court	?
Locksmith	?

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5 #23

NRA ASSISTANCE TO SMALL ENTERPRISES

Example from Motion Picture Industry

Protection Against Monopolistic Practices.

Prior to the approval of this Code many small exhibitors were greatly injured by reason of the fact that exhibitors with large capital frequently purchased more pictures than they could use for the purpose of preventing smaller exhibitors from displaying these pictures. Under the Motion Picture Code 31 local grievance boards have been created for the purpose of correcting this evil. To date these boards have compelled the surrender, in the manner provided in the Code, of between five and six thousand pictures which had been so purchased.

Absence of Applications for Exemptions by Small Enterprises.

In this Code, while the Deputy Administrator has given wide publicity to the fact that exemptions would be granted to small enterprises upon a showing of any undue hardship, no single application for an exemption has been made by any small enterprise. The only applications for exemptions were made by the producers of Walt Disney's films, Radio City, and one other large exhibitor.

Data by Research and Planning Division, NRA.

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#24

FURNITURE MANUFACTURING INDUSTRY

EXAMPLES OF BENEFIT OF CODE

Increase of Employment

In March, 1933, prior to code, total number of employees about 84,000. After approval of code, total number of employees about 108,000, an increase of about 28.5%.

Increase in Weekly Earnings

Average weekly wage in March, 1933, was $10.84. After approval of code, average weekly earnings of employees increased to $13.81, an increase of about 27%.

Elimination of Economic Waste

Unless unfair trade practices are curbed and resultant economic waste eliminated to protect management in carrying out the advantages to labor, it is an extremely, if not impossible task, to maintain labor advantages. Consequently several trade practice provisions have operated successfully in eliminating unfair practices and economic waste. (For further details see report of C. R. Niklason, Deputy Administrator)

Design Piracy

A flagrant abuse in this industry prior to the code was "design piracy". Each year unscrupulous manufacturers copied the designs of their competitors. By copying the original designs they constantly caused reduction in price and continuous instability in marketing conditions. In addition the public interest was injured by reason of the fact that the copy was almost invariably of inferior grades and sold at lesser prices than those quoted by the originators of the design. There was no remedy for this situation at law or by voluntary action of trade associations. A code provision eliminating "design piracy" and the establishment of a piracy of design tribunal has been considerably more effective in eliminating this evil.

Single Daylight Shift

The "single daylight shift" provision in the code has restricted production and has prevented the flooding of the market with cheap furniture, thus helping to equalize supply and demand. This has been of material benefit to the industry.

Data by Research and Planning Division, NRA.

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STATEMENT OF PROCEDURE FOLLOWED BY NRA IN THE PROMULGATION AND APPROVAL OF CODES OF FAIR COMPETITION

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Codes of Fair Competition now in effect exist by virtue of the provisions of Section 3 (a) of the National Industrial Recovery Act. They were submitted by the industries governed and become effective after approval by the President.

The purpose of this statement is to outline in some detail the normal course of codification under the procedure established by NRA.

A proposed code is submitted by a trade or industrial association or group in the industry to be governed. Immediately upon reaching NRA it is assigned to a Deputy Administrator who becomes responsible for its proper handling. Since Section 3(a) of the Act requires that the association or group submitting the code be truly representative of the industry and impose no inequitable restriction on membership, the Deputy in charge immediately calls upon the sponsors for evidence of these facts. A definite showing of authority in the sponsors to represent the industry is likewise required.

The test used to determine whether the sponsors impose inequitable restrictions on admission to membership depends upon whether they are an association or an unorganized group. When the sponsors are an association they are required to submit their Constitution and By-Laws for examination and make any amendments necessary to remove inequitable restrictions on membership. Unorganized groups must make a showing that they have used due diligence to extend an invitation to join in the submission to all members of the industry.

After the sponsors have make a sufficient showing that the above mentioned requirements of the Act have been complied with, the Deputy and his staff of advisers, including a representative of each the Legal and Research and Planning (Economic) Divisions, and the Labor, Consumers and Industrial Advisory Boards, analyze the code and confer with the sponsors concerning provisions which may not receive administrative approval. After the suggested changes have been discussed with the sponsors and agreed to by them the code as revised is printed, given wide publicity, and then submitted to a public hearing open to all interested parties, including members of the industry to be covered, employees, consumers, and persons engaged in other steps of the economic process who might be affected by the approval of the code. Notices of such hearing are printed by NRA and, together with the revised code, distributed through every available channel, such as labor unions and labor publications, trade associations and trade publications, newspapers, First Class Post Offices, Chambers of Commerce, Code Authorities, NRA Field Offices, Regional Labor Boards quasilegal and commercial publications, and all individuals known to the Deputy to be interested therein.

The public hearing is held by the Deputy, assisted by his staff of advisers, for the purpose of obtaining in a direct manner all facts necessary to enable NRA and the president to determine whether the proposed code complies with and will effectuate the expressed purposes and policies of the Act. Every party in interest who applies is given an opportunity to present his views with respect to the proposed code. Each provision of the code is considered in detail and a full transcript of the entire proceedings is taken and preserved as part of the record.

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COMMENTS

ON

MAJOR QUESTIONS DISCUSSED

IN

STATE APPRAISAL COMMITTEE REPORTS

UNITED STATES COMMUNITY IMPROVEMENT APPRAISAL

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Boondoggling

The Story of the
"$25,000"
MEMPHIS
DOG HOUSE
and
OTHER STORIES